



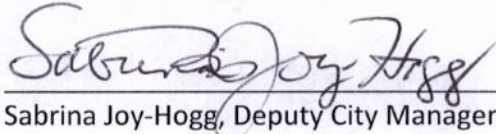
To the Honorable Council
City of Norfolk, Virginia

October 13, 2015

From: Betty J. Meyer, Acting Director of Budget and
Strategic Planning

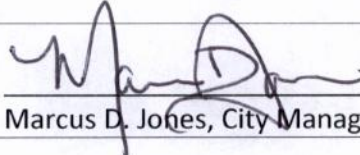
Subject: Ordinance to Amend the
Fiscal Year Approved 2016 Operating
Budget and Appropriate Risk
Management and Economic Downturn
and Leveling Reserves

Reviewed:


Sabrina Joy-Hogg, Deputy City Manager

Ward/Superward: Citywide

Approved:


Marcus D. Jones, City Manager

Item Number:

R-2

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

Description:

This agenda item includes an ordinance to appropriate the city's anticipated \$8.5 million FY 2015 Operating Budget surplus. The ordinance amends the Fiscal Year 2016 Approved Operating Budget and appropriates funds for the Risk Management and Economic Downturn and Leveling Reserves. This amendment and the corresponding Capital Budget Amendment are in accordance with the City Council's discussion and direction from the retreat held on September 21-22, 2015. As shown in the table below, the total amount is proportioned between the operating and capital budgets and reserves.

General Fund Adjustments	
Adjustment	Amount
Implement Poverty Commission Recommendations	\$500,000
Implement Housing Trust Fund	\$400,000
Purchase Clean Team Equipment – Public Works	\$150,000
Purchase Additional Body Cameras - Police Department	\$250,000
Reduce FY 2017 Projected Budget Gap - Debt Service	\$3,000,000
Subtotal for General Fund Adjustment	\$4,300,000
Transfer to Capital Improvement Program	\$2,200,000
Total General Fund Adjustment	\$6,500,000
Increase Risk Management Reserve	\$1,000,000

General Fund Adjustments	
Adjustment	Amount
Increase Economic Downturn and Leveling Reserve	\$1,000,000
Total General Fund Reserve Adjustment	\$2,000,000
Grand Total Adjustments	\$8,500,000

III. Analysis

The adjustments contained in this ordinance help foster economic development, reduce poverty, support housing needs, ensure public safety, revitalize and improve neighborhoods, and address some of the projected FY 2017 preliminary budget gap. The following provides details of each adjustment:

Implement Poverty Commission Recommendations- \$500,000

Additional funds are provided to support the continued implementation of the recommendations of the Poverty Commission. These funds assist in reducing the city's poverty rate by addressing housing, early childhood education, workforce development, and neighborhood revitalization issues. With the additional \$500,000 and the funds provided in the FY 2016 Approved Budget of \$500,000 approved by City Council, a total of \$1.0 million is now available for FY 2016.

Implement Housing Trust Fund - \$400,000

Funds are provided to further support the fund which will establish parameters, and a funding goal, and engage other organizations to grow the fund. With the additional \$400,000 and funds provided in the FY 2016 Approved Budget of \$1.0 million approved by City Council, a total of \$1.4 million is now available for FY 2016.

Purchase Clean Team Equipment – Public Works - \$150,000

Funds are provided to purchase resources to support landscaping and street sweeping efforts throughout the city.

Purchase Additional Body Cameras - Police - \$250,000

Funds are provided to continue the purchase of body cameras needed to outfit sworn officers.

Reduce FY 2017 Projected Budget Gap – Debt Service- \$3,000,000

Funds are provided to reduce planned FY 2017 debt payments by prepaying interest costs in FY 2016. By making these payments, the FY 2017 budget gap decreases from current projections.

Transfer to Capital Improvement Program - \$2,200,000

Funds support projects to improve public school facilities, foster economic development, and revitalize, improve neighborhoods. See corresponding Capital Improvement Program (CIP) Budget Amendment for details.

Increase General Fund Reserves - \$2,000,000

Additional funds are provided to increase the city's Risk Management and Economic Downturn and Leveling Reserves. These funds will bring these reserves to the financial policy goal. Increasing the city reserves strengthens the city's ability to sustain financial flexibility for unanticipated budget shortfalls or unforeseen expenses. The Risk Management Reserve was

established, since Norfolk is self-insured, for the purpose of dealing with major unanticipated workers compensation or general liability claims. The Economic Downturn and Leveling Reserve was established to abate the impact of short-term economic downturns and extreme swings in revenues and/or expenditures. These two reserves help mitigate emergencies without jeopardizing ongoing provision of city services. Adjustments to the reserves are shown in the table.

General Fund Reserve Adjustments			
Reserves	Current Level	Adjustment	Total
Risk Management Reserve	\$4,000,000	\$1,000,000	\$5,000,000
Economic Downturn and Leveling Reserve	\$4,000,000	\$1,000,000	\$5,000,000
Total General Fund Reserve	\$8,000,000	\$2,000,000	\$10,000,000

IV. Financial Impact

This amendment adds \$6.5 million to the Approved FY 2016 Operating Budget resulting in a 0.6 percent increase bringing the total from \$1,105,774,507 to \$1,112,274,507. The reserve adjustments increase the Risk Management and Economic Downturn and Leveling Reserves from \$4.0 million to \$5.0 million each for a total of \$10.0 million. With the additional \$1.0 million for each reserve, the city meets the \$5.0 million financial policy goal.

V. Environmental

N/A

VI. Community Outreach/Notification

N/A

VII. Board/Commission Action

N/A

VIII. Coordination/Outreach

This letter and ordinance have been coordinated with the Office of Budget and Strategic Planning, the Department of Finance, and the City Attorney's Office.

Supporting Material from the City Attorney's Office:

- Ordinance

Form and Correctness Approved:

By *May 25/15*
Office of the City Attorney

Contents Approved:

NORFOLK, VIRGINIA

By *Betty Meyer*
DEPT. Budget and Strategic Planning

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ 6,500,000

Christina Doney
Acting Director of Finance

Various
Account
10/6/15
Date

ORDINANCE No.

AN ORDINANCE TO AMEND AND REORDAIN THE CITY'S OPERATING BUDGET FOR FISCAL YEAR 2016 TO ADD \$6,500,000 TO THE BUDGET, TO AMEND AND REORDAIN SECTIONS 1 AND 6 OF ORDINANCE NO. 45,955 (OPERATING BUDGET ORDINANCE FOR FISCAL YEAR 2016) SO AS TO APPROPRIATE AND AUTHORIZE THE EXPENDITURE OF FUNDS IN THE ADDITIONAL AMOUNT OF \$150,000 FOR THE DEPARTMENT OF PUBLIC WORKS, \$900,000 FOR CENTRAL APPROPRIATIONS, \$250,000 FOR DEPARTMENT OF POLICE AND \$5,200,000 FOR DEBT SERVICE AND TO APPROPRIATE AND RESERVE \$1,000,000 FOR THE RISK MANAGEMENT RESERVE AND \$1,000,000 FOR THE ECONOMIC DOWNTURN AND LEVELING RESERVE.

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BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Operating Budget for Fiscal Year 2016 is hereby amended and reordained, to add \$6,500,000 from Fiscal Year 2015 Operating Budget ending balances to the Fiscal Year 2016 Budget which funds are hereby appropriated by this ordinance and authorized for expenditure for the purposes designated as follows:

<u>Expenditure Appropriation</u>	<u>Amount</u>
Clean Team Equipment - Public Works (PW)	\$ 150,000
Poverty Commission Initiative	\$ 500,000
Housing Trust Fund Initiative	\$ 400,000
Police Department	\$ 250,000
Debt Service	\$ 3,000,000
Subtotal	\$ 4,300,000
Debt Service - Capital Improvements	\$ 2,200,000
Total Additional Expenditure Appropriation	\$ 6,500,000

Section 2:- That to incorporate the above Operating Budget changes, Section 1 of Ordinance No. 45,955 entitled, "AN ORDINANCE APPROPRIATING FUNDS FOR OPERATION OF THE CITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016, APPROPRIATING LAND ACQUISITION/REVOLVING FUND BALANCE, APPROPRIATING U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ENTITLEMENT GRANTS, AUTHORIZING SHORT-TERM EQUIPMENT FINANCING, PROVIDING A PAY SUPPLEMENT FOR CERTAIN ELIGIBLE RETIREES, APPROVING AND DESIGNATING A SITE FOR A PUBLIC MAUSOLEUM FOR THE INTERMENT OF THE DEAD AT FOREST LAWN CEMETERY AND ESTABLISHING PRICES FOR THE MAUSOLEUM, INCREASING THE VEHICLE LICENSE FEE, PROVIDING FOR A BUSINESS LICENSE INCENTIVE PROGRAM, UPDATING PARKING CODES, REPEALING UTILITIES ACCOUNT SERVICE CHARGES AND REGULATING THE PAYMENT OF MONEY FROM THE CITY TREASURY" effective July 1, 2015, is hereby amended and reordained to read as follows:

Section 1:- That the amounts shown herein aggregating Eight Hundred Eighteen Million Eight Hundred Seventy Nine Thousand One Hundred Twenty One Dollars (\$818,879,121) for the General Fund, Eighty Two Million Eight Hundred Eighty Thousand Five Hundred Sixty Nine Dollars (\$82,880,569) for the Water Utility Fund, Twenty Nine Million Four Hundred Twenty One Thousand Four Hundred Ninety Two Dollars (\$29,421,492) for the Wastewater Utility Fund, Fifteen Million Six Hundred Nine Thousand Eight Hundred Forty Six Dollars (\$15,609,846) for the Storm Water Utility Fund, One Hundred One Million Three Hundred Seventy Nine Thousand Five Hundred Twenty Seven Dollars (\$101,379,527) for the Internal Service Funds, Twenty One Million Three Hundred Ninety Four Thousand Six Hundred Forty Six Dollars (\$21,394,646) for the Parking Facilities Fund, Two Million Ninety Three Thousand Four Hundred Eighty Seven Dollars (\$2,093,487) for the Cemetery Services Fund, Five Million Nine Hundred Fifty One Thousand Eight Hundred Fifty Four Dollars (\$5,951,854) for the Emergency Operations Center Fund, Fifteen Thousand Dollars (\$15,000) for the Golf Operations Fund, Twenty Two Million One Hundred Twelve Thousand Dollars (\$22,112,000) for the Waste Management Fund, Five Million Eight Hundred Fifty Thousand Nine Hundred Dollars (\$5,850,900) for the Public Amenities Fund, Four Million Nine Hundred Eighty Four Thousand One Hundred Dollars (\$4,984,100) for the Tax Increment Financing Fund, One Million Seven Hundred One

Thousand Nine Hundred Sixty Five Dollars (\$1,701,965) for the Towing and Recovery Operations Fund, or so much thereof as may be necessary, as set forth in the annual budget for the fiscal year July 1, 2015 - June 30, 2016, submitted by the City Manager and as amended by the Council and hereby adopted, are hereby appropriated, subject to the conditions hereinafter set forth in this ordinance, from the revenues of the city from all sources for the fiscal year July 1, 2015 - June 30, 2016, for the use of the several departments and funds established within the City Government, and for the purposes hereinafter set forth in said annual budget for the fiscal year July 1, 2015 - June 30, 2016 as follows:

Legislative	\$4,623,759
Executive	\$2,310,706
Department of Law	\$4,386,569
Constitutional Officers	\$54,943,097
Department of Finance	\$3,920,330
Department of Human Resources	\$3,331,768
Judicial	\$1,279,259
Department of Public Health	\$3,476,484
Department of Human Services	\$46,476,185
Department of Public Works	\$24,659,658
Recreation, Parks and Open Space	\$16,943,108
Norfolk Public Schools	\$314,678,771
Department of Libraries	\$11,073,353
Elections	\$978,131
Department of City Planning	\$4,829,234
Cultural Facilities, Arts, and Entertainment	\$5,543,082
Central Appropriations	\$19,486,333
Outside Agencies	\$42,296,043
Department of Police	\$67,175,481
Department of Fire-Rescue	\$40,608,056
Virginia Zoological Park	\$3,727,134
Debt Service	\$67,582,152
Office of Budget and Strategic Planning	\$1,486,195
Development	\$1,798,593

Communications and Technology	\$13,565,352
Office to End Homelessness	\$287,498
Neighborhood Development	\$3,294,228
General Services	\$23,971,181
National Maritime Center	\$4,803,691
Norfolk Community Services Board	\$25,343,690
Total Appropriations General Fund - Operating Budget	\$818,879,121

Water Utility Fund	\$82,880,569
Wastewater Utility Fund	\$29,421,492
Parking Facilities Fund	\$21,394,646
Storm Water Utility Fund	\$15,609,846
Internal Service Funds	\$101,379,527
Cemetery Services Fund	\$2,093,487
Emergency Operations Center Fund	\$5,951,854
Golf Operations Fund	\$15,000
Waste Management Fund	\$22,112,000
Public Amenities Fund	\$5,850,900
Tax Increment Financing Fund	\$4,984,100
Towing and Recovery Operations Fund	\$1,701,965
Total Operating Funds	\$1,112,274,507

Section 3:- That additional funds in the amount of Two Million Dollars (\$2,000,000) are hereby appropriated and reserved, if and when the funds are made available, from the General Fund Balance at the close of Fiscal Year 2015, as One Million Dollars (\$1,000,000) to the Risk Management Reserve and One Million Dollars (\$1,000,000) to the Economic Downturn and Leveling Reserve and Section 6 of Ordinance No. 45,955 is hereby amended and reordained to read as follows:

Section 6:- That the various amounts appropriated by this ordinance for the several groups, as set forth in the annual budget, as amended, are to be expended for the purposes designated by said groups, provided, however, that the City Manager or a designee may authorize the transfers between account groups within departments, funds or activities of the city and a

record of such transfers shall be maintained by the Director of Finance.

The City Manager or designee is authorized to transfer from any department, fund or activity which has an excess of funds appropriated for its use of the balance of the fiscal year to any department, activity or fund all or any part of such excess, or to cause such transfers to be made, a record of all such transfers shall be maintained by the Director of Finance.

Any unexpended balances in the amounts appropriated for the Department of Public Works Street Construction and Maintenance Projects, Poverty Commission Initiative, Housing Trust Fund, Public Amenities Fund, Tourism Infrastructure Repair, and the Norfolk Consortium at the close of business on June 30, 2015 shall not revert to the surplus of the General Fund, but shall be carried forward and appropriated on the books of the Director of Finance and be available for expenditure in succeeding years. The City Manager is hereby authorized to establish the terms of grants of the Poverty Commission Initiative.

The City Manager shall provide to the City Council a mid-year budget update. Such mid-year budget update shall report the projected revenue and expenditure estimates for the entire fiscal year, receipt of unbudgeted revenues, and other major changes to the adopted budget.

There is hereby reserved in the General Fund Balance up to the amount of Forty Two Million Three Hundred Thirty Two Thousand Five Hundred Ninety One Dollars (\$42,332,591) for the Unassigned General Fund Balance Reserve.

Upon closing of the city's books at the end of fiscal year 2015 and if the General Fund surplus amount is at least \$8,500,000, there is hereby reserved in the General Fund Balance the amount of Five Million Dollars (\$5,000,000) for the Risk Management Reserve.

Upon closing of the city's books at the end of fiscal year 2015 and if the General Fund surplus

amount is at least \$8,500,000, there is hereby reserved in the General Fund Balance the amount of Five Million Dollars (\$5,000,000) for the Economic Downturn and Leveling Reserve.

There is hereby reserved in the General Fund Balance up to the amount of Two Million Nine Hundred Sixty Seven Thousand Nine Hundred Sixty One Dollars (\$2,967,961) in the revolving fund for strategic land acquisitions to be expended for future land acquisitions. The City Manager is authorized to accept future deposits made to the Land Acquisition Fund during the fiscal year. Such deposits are hereby appropriated and authorized to be expended for future land acquisitions. Any unobligated appropriation in the Land Acquisition/Revolving Fund at the close of the fiscal year ending on June 30, 2015, is hereby reserved for the Land Acquisition/Revolving Fund to be expended for future strategic land acquisitions.

Any unexpended balances for Recreation Improvements that were appropriated and authorized for expenditure by Ordinance #45,763 shall not revert to the surplus of the general fund and shall be transferred to the Land Acquisition/Revolving Fund at the end of FY 2015. Such funds are hereby appropriated and authorized for expenditure from the Land Acquisition/Revolving Fund for Recreation Improvements.

There is hereby appropriated and authorized for expenditure the revenues from the flat tax of Two Dollars (\$2.00) per room for each night of lodging at any hotel, if and when received, to: (1) Visit Norfolk (Norfolk Convention and Visitor Bureau) for visitor promotion and advertising for conventions and tourism; and (2) the Norfolk Consortium. Visit Norfolk shall be allocated fifty percent (50%) of the revenues collected each month from the flat tax of Two Dollars (\$2.00) per room of each night of lodging at any hotel during the fiscal year and the remaining fifty percent (50%) of the revenues collected each month shall be allocated and is authorized for expenditure by the Norfolk Consortium.

There is hereby appropriated and authorized to be transferred to the Parking Facilities Rate Stabilization Fund Three Hundred Twenty Nine Thousand Nine Hundred Forty Three Dollars (\$329,943) from the MacArthur Center Garage Reserve Fund to reimburse prior General Reserve funded capital expenditures at MacArthur Center, Sixty Nine Thousand One Hundred Twenty Two Dollars (\$69,122) from the Office Buildout Reserve, One Hundred Ninety Five Thousand Dollars (\$195,000) from the Operating Reserve and Two Million One Hundred Eight Thousand One Hundred Ninety One Dollars (\$2,108,191) of the Parking General Reserve Fund to the Parking Facilities Rate Stabilization Fund. Furthermore, there is hereby appropriated and authorized to be expended from the Parking Facilities Rate Stabilization Fund Two Million Seven Hundred Two Thousand Two Hundred Fifty Six Dollars (\$2,702,256) for operations of the Parking Facilities Fund. Such deposits are hereby appropriated and authorized to be expended for operations of the Parking Facilities Fund.

There is hereby authorized, in accordance with guidelines established by the City Manager, the execution of warrants for the disbursement of any cash in banks credited to the City's Corporate Account to meet any properly authorized and approved payment chargeable to any account of the city.

Unless otherwise specified by any other provision of local, state or federal law, operating funds appropriated to Norfolk Public Schools that have not been expended or contractually obligated at the end of the fiscal year are deemed local dollars and shall revert to the city for re-appropriation by City Council.

There is hereby appropriated and authorized for expenditure the revenues from the Fiscal Year 2014 Two cent (\$0.02) real estate tax increase for the School Construction, Technology and Infrastructure Program. The City Manager is hereby authorized to expend and reserve the School Construction, Technology and Infrastructure Program supported by the dedicated Two cent (\$0.02) real estate tax increase to support the needs of Norfolk Public Schools. Any unexpended balances in the amounts

appropriated shall not revert to the surplus of the General Fund, but solely be dedicated to the School Construction, Technology and Infrastructure Program and shall be carried forward on the books of the Director of Finance and appropriated and available for expenditure in the succeeding year.

Section 4:- That this ordinance shall be in effect from and after its adoption.